

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4463-02
Bill No.: SB 616
Subject: Education, Elementary and Secondary; St. Louis; Kansas City; Elementary and Secondary Education Department; Boards, Commissions, Committees, Councils; Teachers
Type: Original
Date: February 11, 2014

Bill Summary: This proposal creates the "Every Child Can Learn Act" to require turnaround options for certain underperforming schools, create personalized learning plans for certain students, address student promotions, and require letter grades for public schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(\$273,475)	(\$178,272)	(\$180,122)
Total Estimated Net Effect on General Revenue Fund	(\$273,475)	(\$178,272)	(\$180,122)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	(\$7,335,000 to Unknown)	(\$7,020,000 to Unknown)	(\$7,020,000 to Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Elementary and Secondary Education (DESE)** provided the following assumptions regarding fiscal impact of the proposed legislation:

§160.085 - TURNAROUND OPTIONS FOR UNACCREDITED SCHOOLS

DESE will require 1.0 FTE supervisor to provide oversight and monitor turn-around plans.

Local school districts will likely incur unknown costs.

§160.088 - ACCREDITATION OF INDIVIDUAL SCHOOLS BUILDINGS IN ST. LOUIS AND KANSAS CITY

DESE will incur approximately \$10,000 to implement new reports and logic for classifications.

ASSUMPTION (continued)

§167.131 - STUDENT TRANSFERS

Local school districts will experience costs and savings resulting from the transfer law changes.

Oversight assumes any costs and savings resulting from this section will offset and net to zero.

§167.730 - READING, PERSONALIZED LEARNING PLANS, STUDENT RETENTION

DESE will require 1.0 FTE supervisor to provide consulting services regarding personalized learning plans.

DESE estimates local school districts will require 1.0 FTE per school building at \$60,000 per FTE for reading recovery (117 buildings x \$60,000 = \$7,020,000).

In addition, DESE estimates local school districts will spend \$15,000 per district for design and implementation of personalized learning plans (21 districts x \$15,000 = \$315,000).

§171.417 - LETTER GRADES FOR PUBLIC SCHOOLS

DESE assumes costs approximating \$23,000 to implement the prescribed school grades system; \$56,000 to implement the alternative school designation process; and \$3,000 to implement the school grade waiver process. In addition, 1.0 FTE supervisor would be required to maintain the alternative school designation system.

Oversight has, for fiscal note purposes only, adjusted the salary and benefits of the supervisor positions to correspond with the salary posted by DESE for a current job vacancy for a similar position. Travel expenses have also not been included in the estimate of expenses.

Officials from the **Special School District of St. Louis County** state the proposed legislation is not expected to have a material fiscal impact on their district.

Officials from **Allen Villages School** (Charter School) responded, but did not indicate the fiscal impact.

Officials from the following school districts: Blue Springs, Branson, Caruthersville, Charleston R-I, Cole R-I, Columbia, Fair Grove, Francis Howell, Fulton, Harrison R-IX, Independence, Jefferson City, Johnson County R-7, Kansas City, Kirksville, Kirbyville R-V, Lee's Summit, Malden R-I, Malta Bend, Mexico, Monroe City R-I, Nixa, Normandy, Parkway, Pattonville,

LMD:LR:OD

ASSUMPTION (continued)

Raymore-Peculiar R-III, Raytown, Riverview Gardens, Sedalia, Sikeston, Silex, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, Sullivan, Warren County R-III, and Waynesville did not respond to **Oversight's** request for fiscal impact.

Officials from the following charter school sponsors: University of Central Missouri, University of Missouri, Missouri University of Science and Technology, University of Missouri - St. Louis, University of Missouri - Kansas City, Lindenwood, Washington University, Saint Louis University, and the St. Louis Public School District did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015	FY 2016	FY 2017
GENERAL REVENUE			
<u>Costs</u> - Department of Elementary and Secondary Education (DESE)			
Personal Services (3 FTE)	(\$113,904)	(\$115,043)	(\$116,193)
Fringe Benefits	(\$58,097)	(\$58,678)	(\$59,264)
Equipment & Expense	(\$9,474)	(\$4,551)	(\$4,665)
<u>Costs</u> - DESE - Implementation of reports and logic for classifications (§160.088)	(\$10,000)	\$0	\$0
<u>Costs</u> - DESE - Implementation/ maintenance for alternative school designation, school grade waiver, prescribed school grades system (§171.417)	<u>(\$82,000)</u>	<u>\$0</u>	<u>\$0</u>
Total Costs - DESE	<u>(\$273,475)</u>	<u>(\$178,272)</u>	<u>(\$180,122)</u>
FTE Change - DESE (one each for §§160.085, 167.730 & 171.417)	3 FTE	3 FTE	3 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$273,475)</u>	<u>(\$178,272)</u>	<u>(\$180,122)</u>
Estimated Net FTE Change for General Revenue	3 FTE	3 FTE	3 FTE

LMD:LR:OD

<u>FISCAL IMPACT - Local Government</u>	FY 2015	FY 2016	FY 2017
---	---------	---------	---------

LOCAL POLITICAL SUBDIVISIONS

<u>Costs</u> - Local School Districts (Unaccredited) - Implementation of ongoing turn-around plans (§160.085)	(Unknown)	(Unknown)	(Unknown)
---	-----------	-----------	-----------

<u>Costs</u> - Local School Districts (St. Louis) - Reading recovery staff costs (§167.730)	(\$7,020,000)	(\$7,020,000)	(\$7,020,000)
--	---------------	---------------	---------------

<u>Costs</u> - Local School Districts (St. Louis) - Design and implementation of personalized learning plans (§167.730)	<u>(\$315,000)</u>	<u>\$0</u>	<u>\$0</u>
---	--------------------	------------	------------

ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS	<u>(\$7,335,000 to Unknown)</u>	<u>(\$7,020,000 to Unknown)</u>	<u>(\$7,020,000 to Unknown)</u>
---	--	--	--

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill creates the "Every Child Can Learn Act."

§160.085 - TURNAROUND OPTIONS FOR UNACCREDITED SCHOOLS

When an individual school is classified as unaccredited, the school board of the district in which it is located must adopt and implement a school turnaround option for that school. The school board may use a restart model, a transformation model, or a turnaround model.

A restart model requires that the district convert the school or close it and reopen it using an education management organization. A school using a restart model must enroll any former student and may enroll any other student who wishes to attend.

The transformation model requires the district to implement various governance and instructional strategies, and implement evaluation and assessment systems, as described in the act. It requires the replacement of the school principal and removal of staff who have not increased student achievement and high school graduation rates.

LMD:LR:OD

FISCAL DESCRIPTION (continued)

The turnaround model also requires the district to implement various governance and instructional strategies, and implement evaluation and assessment systems, as described in the act. The school principal must be replaced and a new principal is granted operational flexibility. In addition, the new principal must select new staff. No more than fifty percent of the existing staff will be retained.

§161.088 - ACCREDITATION OF INDIVIDUAL SCHOOL BUILDINGS IN ST. LOUIS AND KANSAS CITY

This section requires the State Board of Education to develop a system of classification for the St. Louis and Kansas City school districts that accredits individual schools within those districts. The State Board must develop the classification system as part of the Missouri School Improvement Program and promulgate it through administrative rule.

§167.131 - STUDENT TRANSFERS

Currently, the school board of a school district that does not maintain an accredited school is required to pay the tuition and transportation of resident students who attend an accredited school in another district of the same or an adjoining county. This section creates an intra-district transfer system for the St. Louis and Kansas City school districts if a student attends an unaccredited school. Any student who attends an unaccredited school within those districts may transfer to an accredited school within his or her district of residence that offers the student's grade level of enrollment if there is sufficient capacity. If there is not sufficient capacity in any accredited school within the student's district of residence, the student may transfer to an accredited district in the same or an adjoining county.

To be eligible to transfer to another district, a student must have been enrolled in and attending a public school in the unaccredited district for three school years. The St. Louis and Kansas City school districts must publicly post on their internet web sites a student transfer application. A parent or guardian who seeks to transfer his or her child to an accredited school within the St. Louis or Kansas City school district must complete a transfer application by April 1 for the following school year. If a student's unaccredited school regains accreditation during the school year and he or she has enrolled in another accredited public school within the district or an accredited district in the same or an adjoining county, the student may complete the school year at the school of enrollment.

FISCAL DESCRIPTION (continued)

§167.730 - READING, PERSONALIZED LEARNING PLANS, STUDENT RETENTION

This section requires, beginning July 1, 2015, all public schools in the St. Louis City School District, including charter schools, to use a response-to-intervention tiered approach to reading instruction for students determined by their school to be struggling readers. At a minimum, the reading levels of students in kindergarten through tenth grade must be assessed at the beginning and middle of the school year. Students who score below district benchmarks must be provided with intensive, systemic reading instruction.

Beginning on January 1, 2015, and each January thereafter, each public school in the St. Louis City School District, including charter schools, must prepare a personalized learning plan for any kindergarten or first grade student whose most recent school-wide reading assessment result shows the student is below grade level. Certain exceptions exist from this requirement. For any student with a personalized learning plan, the student's main teacher must consult with the student's parent or guardian about the plan and must have consent to implement it. If a student is still performing below grade level through the end of the first grade year, the school must refer him or her for assessment to determine if an IEP is necessary. If an IEP is not necessary, the personalized learning plan must remain in place until the student is at grade level.

Any student who is not reading at the second grade level by the end of second grade may be promoted to third grade only if: (1) the school provides additional reading instruction during the summer and demonstrates the student is ready for third grade at the end of summer school; (2) the school provides a "looping" classroom in which the student remains with the same teacher for multiple years and the student is not reading at the third grade level by the end of third grade, the student must be retained; or (3) the student's parents or guardians may sign a notice that they prefer to have the student promoted except that the school will have final determination to retain.

The St. Louis City School District and each charter school located in it must provide in the annual school accountability report card the numbers and percentages by grade of any students at grade level who have been promoted but who have been determined as reading below grade level.

§168.310 - TEACHER EMPLOYMENT IN UNACCREDITED SCHOOLS: The school board of any district in which an unaccredited school is located may terminate the employment of any school personnel employed in the unaccredited school. The school board may also not renew the contract of any school personnel employed in the unaccredited school.

FISCAL DESCRIPTION (continued)

§171.417 - LETTER GRADES FOR PUBLIC SCHOOLS

By July 1, 2016, the Department of Elementary and Secondary Education (DESE) must develop and implement a system of assigning letter grades to each public school based on performance and student growth. DESE must develop two different methods of assigning letter grades based on the assignment of points, one method for public schools with grades kindergarten through eight and a second method for public schools with grades nine through twelve.

The method for assigning letter grades to schools with grades kindergarten through eight must be based on the assignment of point values using the following performance and student growth factors, as described in the bill: (1) the percent of pupils who score at or above the proficient level on state standardized assessments in English language arts, mathematics, and science; (2) the percent of pupils who make annual learning gains in English language arts and mathematics; and (3), the percent of pupils in the lowest thirty percent of pupils in English language arts and mathematics and who make annual learning gains.

The method for assigning letter grades to schools with grades nine through twelve must be based on the assignment of point values: at least fifty percent of the points must be based on pupil proficiency, determined by state standardized assessments and other measures considered appropriate by DESE; and the balance of points must be based on graduation rates, measures of college and career readiness, and measures of learning gains.

After DESE assigns points to each public school, it must establish a grading scale for the letter grades to be assigned for that year for public schools with grades kindergarten through eight and a separate grading scale for public schools with grades nine through twelve. For the first school year that grades are assigned, each grading scale must include the following criteria: (1) no more than ten percent of public schools must be assigned a grade of A; (2) approximately twenty-eight percent of public schools are assigned a grade of B; (3) approximately thirty-one percent of public schools are assigned a grade of C; approximately twenty-eight percent of public schools are assigned a grade of D; and (D), at least five percent of public schools are assigned a grade of F. The point values needed to achieve a specific letter grade will remain the same from one year to the next, except as provided in the bill. The system may be adjusted based on a school's grade configuration.

Before each August first, DESE must notify each public school, school district, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Joint Committee on Education of each school's letter grade, the detailed formula and metrics for the letter grade system, and the building-level data used to generate the letter grade.

LMD:LR:OD

FISCAL DESCRIPTION (continued)

A school district may apply to the Commissioner of Education to designate one or more of its schools as an alternative education campus. An alternative education campus will not receive a letter grade and will instead receive a summary status of "maintaining" or "failing."

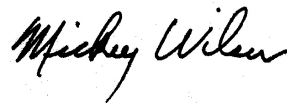
By July 1, 2016, DESE must establish and implement a waiver system for waiving regulatory or statutory reports and requirements for a public school that consistently maintains a grade of A or B. A waiver would be effective as long as a public school maintains a grade of A or B.

This bill contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
School Districts
 Special School District of St. Louis County
Charter Schools
 Allen Villages



Mickey Wilson, CPA
Director
February 11, 2014

Ross Strobe
Assistant Director
February 11, 2014